LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6653 **NOTE PREPARED:** Dec 22, 2012
BILL NUMBER: HB 1288 **BILL AMENDED:**

SUBJECT: Work Sharing Unemployment Benefit.

FIRST AUTHOR: Rep. Speedy **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: **X** **GENERAL**
X **DEDICATED**
X **FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill establishes a work-sharing unemployment insurance program. It requires an employer to submit a work-sharing plan for approval by the commissioner of the Department of Workforce Development. The bill establishes the work-sharing benefit as equal to the employee's unemployment benefit reduced by a percentage that is equivalent to the number of hours by which the employee's work hours are reduced.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* The impact on the state would be as an employer. There would be some additional fringe benefit costs if the state decided to implement a work-sharing program, as opposed to layoffs. The impact on the state would likely be small.

The Department of Workforce Development may incur some additional administrative costs associated with the approval of work-sharing programs and changes to the unemployment insurance benefit calculation program to accommodate the new program. Any additional costs would depend upon the number of employers that submit work-sharing plans to the Department as well as the increased number of employees who would receive unemployment benefits due to the plans.

The bill would not impact the Unemployment Insurance Trust Fund. In a work-share program, the number of affected workers receiving benefits may increase; however, benefits are reduced by a percentage that is equivalent to the number of hours by which the employee's work week is reduced. Therefore, the net result is that there is no increase in total unemployment benefit outlays.

Background: According to the U.S. Department of Labor, work-share is also known as short-time compensation or shared-work programs. Work-share programs allow employers to avoid layoffs by reducing the hours of work for an entire group of affected employees. Work-share allows the employer to maintain other employees on a full-time basis. Under work-share, workers affected by reduced hours may have their wages compensated with a portion of their unemployment benefit. According to federal law, in order for affected workers to qualify for work-share programs, their work week must be reduced no less than 10% and no more than 60%.

This bill provides that work-sharing plans are voluntary on part of employers. Also, the bill provides that in order for affected workers to qualify for work-share, their work week must be reduced no less than 10% and no more than 50%. Also, the bill specifically prohibits the reduction of fringe benefits of a worker engaged in work-sharing.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on local units of government would be as an employer. There will be some additional fringe benefit costs if local units decided to implement a work-sharing program. The impact on individual local units would likely be small.

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development; All.

Local Agencies Affected: All.

Information Sources: Michelle Marshel, Department of Workforce Development, mmarshel@dwd.in.gov; http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9382;
http://wdr.doleta.gov/directives/attach/UIPL/UIPL_22_12_Acc.pdf

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